

Installations

Commercial Solicitation on Army Installations

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Unclassified

SUMMARY of CHANGE

AR 210-7

Commercial Solicitation on Army Installations

This is a transitional reprint of this publication which places it in the UPDATE format. All previously published permanent numbered changes have been incorporated into the text.

Effective 15 January 1979

Installations

Commercial Solicitation on Army Installations

By Order of the Secretary of the Army:

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Official:

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Brigadier General, United States Army
The Adjutant General

History. The original form of this regulation was published on 15 December 1978. Since that time, Changes 1 and 2 have been issued to amend the original, and these changes remain in effect. This UPDATE issue is a reprint of the original regulation with the changes incorporated directly into the text.

Summary. This revision includes the provisions of the revisions of DOD Directive 1344.1 and DOD Directive 1344.7. It also prescribes procedures for controlling solicitation on Army installations. As used throughout this regulation, the words “he,” and “him,” and “his” include both the masculine and feminine genders unless otherwise specifically stated.

Applicability. See paragraph 1-2.

Proponent and exception authority.
Not applicable

Army management control process. Supplementation. Local supplementation of this regulation is permitted, but is not required. If supplements are issued, Army Staff agencies and major Army commands will furnish one copy of each to HQDA (DAAG-PSI) Alexandria, VA 22331; other commands will furnish one copy of each to the next higher headquarters.

Interim changes. Users of this regulation

will not implement interim changes unless the change document has been authenticated by The Adjutant General. (Interim changes expire 1 year after publication date.) If a formal printed change is not received by the time the interim change expires, users will destroy the interim change.

Suggested Improvements. The proponent agency of this regulation is The Adjutant General Center. Users are invited to send comments and suggested improvements on DA Form 2028 (Recommended Changes to Publications and Blank Forms) direct to HQDA (DAAG-PSI) WASH DC 20314.

Distribution. To be distributed in accordance with DA Form 12-9AR requirements for AR, Installations. Active Army, C; ARNG, D; USAR, D.

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*This regulation supersedes AR 210-7, 4 January 1977 and DA message 151130Z, May 1978 subject: Interim Change to AR 210-7.

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Chapter 1 General

1-1. Purpose

This regulation—

- a. Prescribes general policy on the solicitation and sale of all goods, services, and commodities, including all types of insurance, on military installations. These are sold or solicited by dealers, tradesmen, and their agents.
- b. Prescribes procedures for suspension of solicitation privileges.
- c. Provides for counseling assistance on consumer credit transactions.
- d. Prescribes policies and procedures for investigative and enforcement actions.
- e. Permits representatives of credit unions, banks, and approved non-profit associations to conduct national educational programs on—
 - (1) Insurance, estate planning, savings, and budgeting, and
 - (2) The protection and remedies afforded consumers under the Truth-in-Lending Act.

1-2. Applicability

- a. This regulation applies to—
 - (1) All Department of the Army military and civilian personnel, including Army National Guard and Army Reserve personnel on active duty or annual training.
 - (2) Individuals seeking to conduct commercial solicitation on military installations, including controlled housing areas. They will also be governed by regulations and controls of the local commander and, in overseas areas, by regulations of the unified or specified commander. They must also observe applicable laws, regulations, and agreements of the host country.
- b. The provisions of this regulation do not apply to—
 - (1) Commercial companies that furnish services to military installations (such as deliveries of milk, bread, and laundry) when they are authorized by the installation commander.
 - (2) An individual who sells his own personal property or privately owned dwelling.

1-3. Related laws and regulations

- a. Truth-in-Lending Act (15 USC 1601).
- b. AR 210-24 (Credit Unions).
- c. AR 60-10 (Exchange Service—General Policies).
- d. AR 340-17 (Release of Information and Records from Army files).
- e. AR 340-21 (The Army Privacy Program).
- f. AR 600-50 (Standards of Conduct for Department of the Army personnel).
- g. AR 608-1 (Army Community Service Program).
- h. AR 15-6 (Procedure for Investigating Officers and Boards of Officers Conducting Investigations).
- i. AR 190-24 (Armed Forces Disciplinary Control Boards and off Installation Military Enforcement).
- j. AR 37-104-3 (Military Pay and Allowance Procedures: Joint Uniform Military Pay System).
- k. 12 CFR 226 (Federal Reserve Regulation Z).
- l. 16 CFR (Door-to-Door Sales).

1-4. Explanation of terms

- a. *Agent*. Anyone who solicits the ordering or purchasing of goods, services, or commodities in exchange for money. "Agent" includes an individual who receives remuneration as a salesman for an insurer or whose remuneration is dependent on volume of sales or the making of sales.
- b. *Association*. Any organization which has been established, whether or not the word "association" appears in the title, and which—
 - (1) Is composed of and exclusively serves members of the Armed Forces of the United States (on active duty, in a Reserve status, in a

retired status, or individuals who entered into these associations while on active duty) and their dependents.

(2) Offers its members life insurance coverage, either as part of the membership dues, or as a separately purchased plan made available through an insurance carrier or the association as a self-insurer, or both.

c. *Solicitation*. The conduct of any private business, including the offering and sale of insurance on a military installation, whether initiated by the seller or the buyer. (Solicitation on installations is a privilege as distinguished from a right, and its control is a responsibility vested in the installation commander, subject to compliance with applicable regulations.)

d. *Door-to-door solicitation*. A sales method whereby an agent proceeds randomly or selectively from household to household without specific prior appointments or invitations. Door-to-door solicitation is not permitted on Army installations.

e. *Specific appointment*. A prearranged appointment that has been agreed upon by both parties and is definite as to place and time.

f. *Insurer*. Any company or association engaged in the business of selling insurance policies to Department of Defense (DOD) personnel.

g. *Insurance carrier*. An insurance company issuing insurance through an association or reinsuring or coinsuring such insurance.

h. *Insurance policy*. A policy or certificate of insurance issued by an insurer or evidence of insurance coverage issued by a self-insured association.

i. *DOD personnel*. Unless stated otherwise, such personnel means all active duty officer and enlisted members, and civilian employees of the Armed Forces. This includes Government employees of all the offices, agencies, and departments carrying on functions on a Defense installation, including non-appropriated fund instrumentalities.

Chapter 2 Basic Policy

2-1. Regulatory requirements

Commanders may issue regulations governing solicitation within their commands and on their installations. These regulations will avoid discriminatory requirements which could eliminate or restrict competition. When there is a clear need to prescribe more restrictive requirements for solicitation than those in this regulation or the regulations of the major commander, these additional requirements or restrictions must first be reviewed and confirmed by The Adjutant General Center (DAAG-PSI), or by the oversea commander.

2-2. Solicitation

The installation commanders may permit solicitation and transaction of commercial business on military installations. These solicitations and transactions must conform to installation regulations (CONUS and overseas) and must not interfere with military activities. No person may enter an installation and transact commercial business as a matter of right.

2-3. Restrictions

To maintain discipline; protect property; and safeguard the health, morale, and welfare of his personnel, the installation commander may impose reasonable restrictions on the character and conduct of commercial activities. Members of the Armed Forces must not be subjected to fraudulent, usurious, or unethical business practices. Reasonable and consistent standards must be applied to each company and its agents in their conduct of commercial transactions on the installation.

2-4. Licensing requirements

To transact personal commercial business on military installations in the United States, its territories, and the Commonwealth of Puerto Rico, individuals must present, on demand, to the installation commander, or his designee, documentary evidence that the company

and its agents meet the licensing requirements of the state in which the installation is located. They must also meet any other applicable regulatory requirements imposed by civil authorities (Federal, State, county, or municipality). For ease of administration, the installation commander will issue a temporary permit to agents who meet these requirements.

2-5. Authorization to solicit

a. Solicitation must be authorized by the installation commander. A specific appointment must be made with the individual and must be conducted in family quarters or in other areas designated by the installation commander. Before issuing a permit to solicit, the commander will require and review a statement of past employment. The commander will also determine, if practicable, whether the agent is employed by a reputable firm.

b. Certain companies seeking solicitation privileges on military installations may arrange personal demonstrations of their products at social gatherings and advise potential customers on their use. If these added services are provided, even though the merchandise sold by these companies is similar to that stocked by the post exchange, the installation commander may authorize solicitation privileges. Requests for this type of solicitation privilege will be coordinated with the local Army and Air Force Exchange Service representative. See paragraph 3-2, AR 60-10.

2-6. Other transactions

Commercial transactions with other than individuals (such as non-appropriated fund activities) are restricted to the office of the custodian of the specific activity. Business will be conducted during normal duty hours.

2-7. Granting solicitation privileges

a. Authorizations (permits) to solicit on Army installations will be in writing and will be valid for periods of 1 year or less.

b. Particular caution must be taken when granting solicitation permission. The impression that permission is official indorsement or that the Department of the Army favors, sponsors, or recommends the companies, agents, or the policies offered for sale must not be conveyed. As continuing policy, the Department of the Army does not indorse any seller or product.

2-8. Supervision of on-post commercial activities

a. General.

(1) Installation commanders will ensure that all agents are given equal opportunity for interviews, by appointment, at the designated areas.

(2) DOD personnel will not act in any official or business capacity, either directly or indirectly, as liaison with agents to arrange appointments.

(3) Home address of members of the command or unit will not be given to commercial enterprises or individuals engaged in commercial solicitation, except when required by AR 340-17 and AR 340-21. The written consent of the individual must be obtained first.

b. Hours and location for solicitation.

(1) Military personnel and their dependents will be solicited individually, by specific appointment, and at hours designated by the installation commander or his designee. Appointments will not interfere with any military duty. Door-to-door solicitation without a prior appointment, including solicitation by personnel whose ultimate purpose is to obtain sales (e.g., soliciting future appointments), is prohibited. Solicitors may contact prospective clients initially by methods such as advertising, direct mail, and telephone.

(2) Commanders will provide one or more appropriate locations on the installation where agents may interview prospective purchasers. If space and other factors dictate limiting the number of agents who may use designated interviewing areas, the installation commander may publish policy covering this matter.

c. Regulations to be read by solicitors. A conspicuous notice of installation regulations will be posted in a form and a place easily accessible to all those conducting on-post commercial activities.

Each agent authorized to solicit must read this notice and appropriate installation regulations. Copies will be made available on installations. When practicable, as determined by the installation commander, persons conducting on-base commercial activities will be furnished a copy of the applicable regulations. Each agent seeking a permit must acknowledge, in writing, that he has read the regulations, understands them, and further understands that any violation or noncompliance may result in suspension of the solicitation privilege for himself, his employer, or both.

d. Items available to service members. Books and other items which can be obtained through the post exchange, the post library, or are available free, and which are also offered for sale by agents, should be made known to service members. Service members should know that they may borrow or obtain these items, possibly at lower cost.

e. Third-party counseling. Each member who wishes to know more about any product, service, insurance, or other item which may be offered to him by an agent will be provided disinterested, third-party counseling of a general nature when possible.

f. Forbidden solicitation practices. Installation commanders will prohibit the following:

(1) Solicitation during enlistment or induction processing or during basic combat training, and within the first half of the one station unit training cycle.

(2) Solicitation of "mass," group, or "captive" audiences.

(3) Making appointments with or soliciting of military personnel who are in an "on-duty" status.

(4) Soliciting without an appointment in areas used for housing or processing transient personnel, or soliciting in barracks areas used as quarters.

(5) Use of official identification cards by retired or Reserve members of the Armed Forces to gain access to military installations to solicit.

(6) Offering of false, unfair, improper, or deceptive inducements to purchase or trade.

(7) Offering rebates to promote transaction or to eliminate competition. (Credit union interest refunds to borrowers are not considered a prohibited rebate.)

(8) Use of any manipulative, deceptive, or fraudulent device, scheme, or artifice, including misleading advertising and sales literature.

(9) Any oral or written representations which suggest or appear that the Department of the Army sponsors or indorses the company or its agents, or the goods, services, and commodities offered for sale.

(10) Commercial solicitation by an active duty member of the Armed Forces of another member who is junior in rank or grade, at any time, on or off the military installation (AR 600-50).

(11) Entry into any unauthorized or restricted area.

(12) Assignment of desk space for interviews, except for specific, prearranged appointments. During appointments, the agent must not display desk or other signs announcing the name of the company or product affiliation.

(13) Use of the "Daily Bulletin" or any other notice, official or unofficial, announcing the presence of an agent and his availability.

(14) Distribution of literature other than to the person being interviewed.

(15) Wearing of name tags that include the name of the company or product that the agent represents.

(16) Offering of financial benefit or other valuable or desirable favors to military or civilian personnel to help or encourage sales transactions. This does not include advertising material for prospective purchasers (such as pens, pencils, wallets, and notebooks, normally with a value of \$1 or less).

(17) Use of any portion of installation facilities, to include quarters, as a showroom or store for the sale of goods or services, except as specifically authorized by regulations governing the operations of exchanges, commissaries, nonappropriated fund instrumentalities, and private organizations. This is not intended to preclude normal home enterprises, providing State and local laws are complied with.

(18) Advertisements citing addresses or telephone numbers of commercial sales activities conducted on the installation.

g. Business reply system. Agents who desire to use a business reply card system will include the information on the card which a military member can complete to indicate where and when the member can meet the agent to discuss the subject. The meeting place should be that established in accordance with *b(2)*, above, if the meeting is to be on the installation. This procedure should assist in removing any impression that the agent or his company is approved by the Department of the Army. It should further prevent an undesirable situation (e.g., military personnel paged on a public address system or called by a unit runner to report to the orderly room).

2-9. Products and services offered in solicitation

Products and services, including life insurance, offered and sold on Army installations must comply with the laws of the States (and other civil jurisdictions) in which the installations are located. If a dispute or complaint arises, the applicable State will make the determination (para 2-4).

2-10. Advertising rules and educational programs

a. The Department of the Army expects that commercial enterprises soliciting military personnel through advertisements appearing in unofficial military publications will voluntarily observe the highest business ethics in describing both the goods, services, and commodities and the terms of the sale (such as guarantees and warranties). If not, the publisher of the military publication will request the advertiser to observe them. The advertising of credit will conform to the provisions of the Truth-in-Lending Act, as implemented by Regulation Z, published by the Federal Reserve Board (12 Code of Federal Regulations 226).

b. Commanders will provide appropriate information and education programs to provide members of the Army with information pertaining to the conduct of their personal commercial affairs (e.g., the protection and remedies offered consumers under the Truth-in-Lending Act, insurance, Government benefits, savings, estate planning, and budgeting). The services of representatives of credit unions, banks, and those nonprofit military associations (provided such associations are not underwritten by a commercial insurance company) approved by HQDA may be used for this purpose. Under no circumstance will the service of commercial agents, including loan, finance, insurance, or investment companies, be used for this purpose. Educational materials prepared or presented by outside organizations expert in this field may be adapted or used provided such material is approved by HQDA. Presentations by those approved organizations will only be conducted at the express request of the installation commander concerned.

c. When available resources permit, commanders will make qualified personnel and facilities available for individual counseling on loans, contracts, and consumer transactions to—

- (1) Encourage thrift and financial responsibility.
- (2) Promote a better understanding of the wise use of credit.
- (3) Encourage the service member to resist the temptation to buy beyond his means (AR 608-1).

d. Individual military members will be encouraged to seek advice from a legal assistance officer or from his own lawyer before making substantial loan or credit commitments.

e. Commanders will provide advice and guidance to military personnel who have a complaint under the Truth-in-Lending Act or who allege a criminal violation of its provisions, including referral to the appropriate regulatory agency for processing of the complaint.

2-11. Correspondence courses

Although the commercial correspondence course is a long-established, officially recognized, and useful form of education, occasionally a potential problem may exist because of sales personnel who follow unscrupulous or unethical practices.

a. General policy.

- (1) The installation solicitation control officer may request the

installation education officer to help coordinate all requests for on-post solicitation for sale of correspondence courses.

(2) Education officers and solicitation control officers must not appear to indorse any particular commercial activity.

(3) On-post solicitation will not be in the education center. The center will not be used for meeting, counseling, or soliciting enrollments in private correspondence programs.

(4) Any discussions or correspondence with organizations selling these courses will not include information which assesses the sales potential of the military population or its educational needs.

(5) Catalogs or bulletins that are provided by private correspondence schools may be maintained and displayed in education centers if—

(a) The school is approved for Veterans Administration educational benefits.

(b) Interested individuals are made aware that the Army does not indorse any particular school.

b. Responsibility of the education officer. When a service member requests the processing of Veterans Administration forms for the use of G.I. Bill educational benefits in correspondence programs, the education officer, or his representative, must certify on the forms that the member has been adequately counseled. The counselor will determine the individual's aptitude for the course. Additionally, he will determine the difference in cost between the commercial course and similar courses available at or through the education center.

c. Responsibility of the solicitation officer. The solicitation control officer will make the decision to grant or deny solicitation privileges for selling correspondence courses. His decision will be based on the recommendation of the education officer and other requirements in this regulation.

2-12. "Cooling off" period for door-to-door sales

A Federal Trade Commission Rule (16 CFR 429), effective 7 June 1974, pertains to a cooling off period for door-to-door sales. The rule applies to any sale, lease, or rental of consumer goods or services with a purchase price of \$25 or more, whether under single or multiple contracts, in which the seller or business representative personally solicits the sale, including those in response to or following an invitation by the buyer, and the buyer's agreement or offer to purchase is made at a place other than the place of business of the seller. The purpose of the law is to allow the consumer the right to cancel a transaction at any time prior to midnight of the third business day after the date of the transaction. When any door-to-door sale or transaction takes place anywhere, on or off the installation (other than the seller's place of business), the consumer must be provided with a full and complete receipt or copy of a contract pertaining to the sale at the time of its execution which contains the "cancellation statements" as required by the FTC rule.

Chapter 3 Insurance

Section I Life Insurance

3-1. Sound insurance underwriting and programming

The Department of the Army encourages the acquisition of a sound insurance program that is suitably underwritten to meet the varying needs of the individual and within his financial means. Accordingly, insurance agents may conduct personal business on an installation, when feasible, with disinterested third-party counseling provided, interviewing hours set aside, and facilities supplied. However, the privilege of insurance solicitation on installations is conditioned on full compliance with this regulation and on the clear understanding that permission is not indorsement of the company or the policies offered for sale.

3-2. Command supervision

- a.* All insurance business conducted on Army installation will be

by appointment. When setting up the appointment, insurance agents must identify themselves to the prospective purchaser as an agent for a specific insurance company.

b. Department of Defense personnel are expressly prohibited from representing any insurance company or dealing either directly or indirectly with any insurance company or any recognized representative of an insurance company as an agent or in any official or business capacity for the solicitation of insurance to personnel on a military installation with or without compensation.

c. In addition to the forbidden practices (para 2-8f), installation commanders will prohibit the following:

(1) The use of a commercial insurance agent as a participant in any military-sponsored education or orientation program.

(2) The designation or announcement of any agent as "Battalion Insurance Advisor," "Unit Insurance Counselor," "SGLI Conversion Consultant," or similar quasi-official titles.

3-3. Actions required by agents

a. The agent must know that—

(1) Soldiers to be solicited are in grades E-1, E-2, or E-3, and

(2) The solicitation of these members is restricted to specified times and locations designated by the installation commander.

b. Agents must leave information on the policy applied for with each member in grades E-1, E-2, and E-3 who applies for insurance and the unit insurance officer or counselor. Agents must complete DA Form 2056 (Commercial Insurance Solicitation Record). Blank DA Forms 2056 (not allotment forms) will be available to insurance agents on request. In the "Remarks" section of DA Form 2056, agents will include all pertinent information and a clear statement that dividends are not guaranteed if the presentation refers to dividends.

3-4. Life insurance policy content

Insurance policies offered and sold on Army installations must—

a. Comply with the insurance laws of the States or country in which the installations are located. The applicable State insurance commissioner will determine such compliance if there is a dispute or complaint.

b. Contain no restrictions because of military service or military occupational specialty of the insured, unless restrictions are clearly indicated on the face of the policy.

c. Plainly indicate any extra premium charges imposed because of military service or military occupational specialty.

d. Not vary in the amount of death benefit or premium based on the length of time the policy has been in force, unless it is clearly described therein.

e. For purposes of b through d above, be stamped with an appropriate reference on the face of the policy to focus attention on any extra premium charges imposed and on any variations in the amount of death benefit or premium based on the length of time the policy has been in force.

f. Variable life insurance policies may be offered provided they meet the criteria of the appropriate insurance regulatory agency and the Securities and Exchange Commission.

g. Show only the actual premiums payable for life insurance coverage.

3-5. Minimum requirements for agents

a. In the United States, its territories, and the Commonwealth of Puerto Rico. Agents may be authorized to solicit on an installation provided—

(1) Both the company and its agents are licensed in the State in which the installation is located. "State" as it pertains to political jurisdictions includes the 50 states, territories, and the Commonwealth of Puerto Rico.

(2) The application to solicit is made by an accredited company (para 3-6).

b. On Army military installation in foreign areas.

(1) An agent may solicit business on US military installations in foreign areas if—

(a) The company he represents has been accredited by DOD.

(b) His name is on the official list of accredited agents maintained by the applicable major command.

(c) His employer, the company, has obtained clearance for him from the appropriate overseas commanders; and

(d) The commanding officer of the military installation on which he desires to solicit has granted him permission.

(2) To be employed for overseas solicitation and designated as an accredited agent, agents must have at least 1 year of successful life insurance underwriting in the United States or its territories. Generally, this is within the 5 years preceding the date of application.

(3) General agents and agents will represent only one accredited commercial insurance company. The overseas commander may waive this requirement if multiple representation can be proven to be in the best interest of DOD personnel.

(4) An agent must possess a current State license. The overseas commander may waive this requirement on behalf of an accredited agent who has been continuously residing and successfully selling life insurance in foreign areas and forfeits his eligibility for a State license, through no fault of his own, due to the operation of State law or regulation governing domicile requirements, or requiring that the agent's company be licensed to do business in that State. The request for a waiver will contain the name of the State and jurisdiction which would not renew the agent's license.

(5) An agent, once accredited in an overseas area, may not change his affiliation from the staff of one general agent to another, unless the losing company certifies, in writing, that the release is without justifiable prejudice. Unified commanders will have final authority to determine justifiable prejudice.

(6) Where the accredited insurer's policy permits, an overseas accredited life insurance agent, if duly qualified to engage in security activities either as a registered representative of a member of the National Association of Securities Dealers or an associated person of a broker/dealer registered with the Securities and Exchange Commission only, may offer life insurance and securities for sale simultaneously. In cases of commingled sales, the allotment of pay for the purchase of securities cannot be made to the insurer.

(7) Overseas commanders will exercise further agent control procedures as necessary.

3-6. Application by companies to solicit on military installations in the United States, its territories, or the Commonwealth of Puerto Rico

Before a company may be accredited to solicit on a military installation, the commander must receive a letter of application, signed by the company's president or vice president. It must be understood that a knowing and willful false statement is punishable by fine or imprisonment (18 USC 1001). The letter of application will—

a. Report the States in which the company is qualified and licensed to sell insurance.

b. Give the name, complete address, and telephone number of each agent who will solicit on the installation if approval is granted; the State in which licensed; the date of licensing and the expiration date; and a statement of agreement to report all future additions and separations of agents employed for solicitation on the installation.

c. List all policies and their form numbers that are to be offered for purchase on the installation. (Commanders will not require companies to furnish sample insurance policies since this is an unnecessary expenditure of time and money, both to the installation and to the insurance company, and serves no practical purpose.)

d. Assure that only the policies listed on the application will be offered for purchase and that these policies meet the requirements of paragraph 3-4.

e. Attest that—

(1) The privilege of soliciting the purchase of life insurance is not currently suspended or withdrawn from the company by any of the military departments.

(2) The privilege of soliciting the purchase of life insurance is not currently suspended or withdrawn by any Armed Forces installations from any of the agents named.

(3) The company and the agents named have proper and currently validated licenses as required by paragraph 3-5.

(4) The company assumes full responsibility for its agents complying with this regulation and with any regulations published by the installation commander.

3-7. Applications by companies to solicit on installations in foreign countries

a. Each May and June only, DOD accepts applications from commercial life insurance companies for accreditation to solicit the purchase of commercial life insurance on installations in foreign countries for the fiscal year beginning the following October.

b. Information about permission to solicit on installations outside the United States (exclusive of its territories and the Commonwealth of Puerto Rico) is contained in instructions issued by DOD. Applications and any correspondence relating thereto should be addressed to Assistant Secretary of Defense (Manpower, Reserve Affairs, and Logistics), ATTN: Directorate, Personnel Services, ODASD(MPP), WASH DC 20301.

c. Advice of action taken by DOD is announced annually by letters sent to oversea commanders as soon as practicable after 15 September. The list of companies and agents may vary from year to year.

3-8. Associations—general

The recent growth of quasi-military associations offering various insurance plans to military personnel is recognized. Some associations are not organized within the supervision of insurance laws of either the Federal or State Government. While some are organized for profit, others function as nonprofit associations under Internal Revenue Service regulations. Regardless of how insurance plans are offered to members, the management of the association is responsible for assuring that all aspects of its insurance programs comply fully with the instructions of this regulation.

3-9. Use of the allotment of pay system

a. Allotments of military pay will be made in accordance with AR 37-104-3. Allotments will not be made to an insurer for the purchase of a commingled sale (e.g., retirement plans, securities).

b. Under no circumstances will agents have allotment forms in their possession or attempt to assist or coordinate the administrative processing of such forms.

c. For personnel in grades E-1, E-2, and E-3, at least 7 days should elapse between the signing of a life insurance application or contract and the certification of an allotment. The purchaser's commanding officer may grant a waiver of this requirement for good cause, such as the purchaser's imminent permanent change of station.

3-10. Counseling

a. Commanders are responsible for the counseling of personnel under their command. An important aspect of counseling is to make certain that soldiers in grades E-1, E-2, and E-3 fully understand the business transaction into which they are entering. Preferably, an officer will do the counseling. However, personnel designated to counsel are not expected to be technical experts in the field of life insurance. Counseling should be made available for all personnel.

b. Commanders of all echelons, down to and including separate battalions, and organizations or activities of comparable size and responsibility will designate individuals to serve as unit personal commercial affairs officers. One of the primary functions of these officers is to counsel (c. below).

c. The following are minimum requirements for counseling:

(1) Make certain that the member fully understands that he is entering a business transactions normally intended to cover a long time and usually involving a considerable amount of money.

(2) Obtain a copy of DA Form 2056 (para 3-3b) and make certain that the member understands that, while his life will be insured after his policy becomes effective, if he allows the policy to lapse, he will not recover more than the cash value at the time the

policy lapsed. Be certain the member understands the cash value available to him at the stated intervals, if any. Particularly emphasize the relation between the cash values and the premiums paid during the early policy years.

(3) Impress on the member that the Army does not favor or recommend any particular agent or company, but that the privilege of solicitation is extended to agents in good standing.

(4) Impress on the member that—

(a) The allotment system is a convenience.

(b) Its use is permitted only to provide him with a ready means of guaranteeing that the insurance protection provided for his family will continue under adverse circumstances because of military service.

(c) It does not mean the Army recommends the insurance policy, the agent, or the company.

(d) Their purchase of insurance is purely a personal transaction between the member and the insurance company.

(5) Be sure that the member is fully aware of any restrictions or limitations in the policy, such as those described in paragraph 3-4b through d.

(6) Use DA Form 2056 in counseling personnel in grades E-1, E-2, and E-3 who purchase insurance on or off post and who desire to make premium payments by allotment. The dependency situation indicated in section II, DA Form 2056 should be reviewed, and the benefits which are available to the survivors of military personnel should be explained (DA Pam 608-2).

d. After the counseling (c above), the member will be instructed to see the counselor again at least 7 days from the date that he submits DA Form 2056. If the member returns and still desires the insurance, the counselor will sign and file DA Form 2056 in the battalion/separate company level file under file number 7-02. DA Form 1341 (JUMPS-Army Allotment Authorization) will be prepared and sent to the disbursing officer. If a soldier in grades E-1, E-2, or E-3 requests an allotment for life insurance purchased and in force for 6 months or more, or purchased before entering on active duty, the 7-day waiting period will not apply. For personnel in grades E-4 and above, there is no mandatory waiting period.

Section II Automobile Insurance

3-11. Motor vehicle liability insurance counseling

a. All commanders are responsible for counseling personnel under their command on the purchase of motor vehicle liability insurance. Periodically they will publish information on driver responsibility under State and local laws. It should be thoroughly explained that—

(1) To satisfy judgments against an individual growing out of an automobile accident could possibly require the major portion of personal earnings for many years.

(2) Failure to provide means to settle damage claims for which found to be legally responsible reflects discredit on the Department of the Army.

b. The counselor will—

(1) Stress the importance of a safe driving record.

(2) Inform members that some insurers, and the assigned risk plans of many of the states, offer coverage with a substantial savings in premiums to individuals who have removed themselves from extra risk classifications requiring premium surcharges, by—

(a) Successfully completing driver training courses (para 3-13).

(b) Maintaining accident-free records which can be authenticated.

3-12. Cooperation with State and local authorities

a. Installation commanders will cooperate with State and local officials responsible for administering State and local laws and regulations on the insurance and operation of motor vehicles by requiring that—

(1) Personnel assigned to process motor vehicle liability insurance matters receive training and instruction in the requirements of this regulation;

(2) All correspondence and applications for accreditation and permission to solicit are promptly and courteously acted on; and

(3) The State Insurance Commissioner be advised of the names or office and telephone number and address of the element of each installation staff member responsible for insurance matters.

b. Cooperation will be extended to school officials, automobile associations, Armed Forces-State Traffic Safety Workshop Program, commercial private driver training course operators, and civic groups concerned with public highway safety.

c. Assistance in obtaining assigned risk insurance will be given to personnel, particularly young motor vehicle operators, who are otherwise unable to obtain automobile insurance coverage. Installation commanders will ensure the maintenance of good relations and liaison with State officials responsible for administering "assigned risk plans" and financial responsibility laws.

3-13. Driver training programs

Installation commanders are responsible for administering an effective driver training program to the extent of personnel and budgeting limitations. All commanders will make defensive driver, driver improvement, and remedial driver training available. The installation commander will make attendance at the program mandatory for problem drivers. (See AR 190-5).

3-14. Minimum requirements for automobile insurance policies

Policies sold on installations by both accepted and accredited insurers will meet all statutory and regulatory requirements of the State or host nation in which the installation is located. Policies will not be issued in amounts lower than the minimum limits prescribed by these authorities. In addition, policies will—

a. Clearly identify the name of the insurer and the full address.

(1) Applications without the name and address of the insurer underwriting the insurance may not be used; the names of sales or underwriting agents alone is not sufficient.

(2) Post office box addresses are not an acceptable address.

b. Provide bodily injury and property damage liability coverage for all drivers authorized by the named insured to operate the vehicle. Military endorsements, excluding persons other than the named insured, whether in the military or not, are not acceptable.

c. Not contain unusual limitations or restrictions, including, but not limited to, the following:

(1) Limitations specifying that coverage is afforded only when the insured vehicle is operated in the designated geographic areas in the United States (e.g., coverage applicable only on a military reservation). If the installation is located within the United States, the standard provision limiting coverage to the United States and Canada is acceptable.

(2) Coverage limited to exclude liability for bodily injury to passengers and guests if such a liability exists as a matter of law.

Chapter 4

Suspension or Denial of Solicitation Privileges

4-1. Grounds for denial or suspension of privileges

The installation commander will deny or revoke permission of a company and its agents to conduct commercial activities on the installation if it is in the best interests of the command. The grounds for taking these actions will include, but will not be limited to, the following:

a. Failure of a company to meet the licensing and other regulatory requirements prescribed in paragraph 2-4.

b. An agent or representative engaged in any of the solicitation practices prohibited by this regulation.

c. Substantiated adverse complaints or reports about the quality of the goods, services, or commodities and the manner in which they are offered for sale.

d. Personal misconduct by agents or representatives while on the military installation.

e. The possession of or any attempt to obtain allotment forms, or to assist or coordinate the administrative processing of such forms.

f. Knowing and willful violation of the Truth-in-Lending Act or Federal Reserve Regulation Z.

g. Failure to incorporate and abide by the Standards of Fairness policies (See the app.)

h. A history of two or more suspensions of an agent and/or company.

i. Continued solicitation when already under suspension.

j. False information furnished on an application.

Note. In instances of denial, a letter will be forwarded to the applicant explaining the reason for such action and a copy of the letter forwarded to HQDA (DAAG-PSI).

4-2. Factors in suspending solicitation privileges

In suspending privileges for cause, the installation commander will determine whether to limit suspension to the agent alone or to extend it to the company he represents. This decision will be based on the circumstances of the particular case. Included are—

a. The nature of the violations and their frequencies;

b. The extent to which other agents of the company have engaged in these practices;

c. Previous warnings or suspensions; and

d. Other matters that show the company's guilt or failure to take reasonable corrective or remedial action.

4-3. Preliminary investigation

When unauthorized solicitation practices have apparently occurred, an investigating officer will be appointed (AR 15-6). The investigating officer will gather sworn statements from all interested parties who have any knowledge of the alleged violations.

4-4. Suspension approval

The installation commander will personally approve all cases in which solicitation privileges are denied or suspended for cause and will make the final determination. This includes agents, companies, or other commercial enterprises. Authority to temporarily suspend solicitation privileges for 30 days or less while an investigation is conducted may be delegated by the commander to the installation solicitation officer or other designee. Exception to this time frame must be approved by The Adjutant General (DAAG-PSI) or by the oversea commander.

4-5. "Show-Cause" hearing

During the temporary suspension period, or prior to the installation commander's final determination when temporary suspension is not employed, a hearing will be conducted to provide an opportunity for the agent and/or company to show cause why the suspension should not be made final for a definite period of time. "Show cause" is an opportunity for the agent, company, or both to present facts informally on their behalf. The company and agent will be notified, by letter, in advance of the pending hearing. If unable to notify them directly or indirectly, the hearing may proceed.

4-6. Suspension action

a. When suspended for cause, immediately notify the company and the agent, in writing, of the reason. When the installation commander determines that suspension should be extended throughout the Department of the Army (whether for the agent or his company), send the case to HQDA (DAAG-PSI), Alexandria, VA 22331. Provide all factors on which the commander based his decision concerning the agent or company (exempt report, para 7-2o, AR 335-15). This notification should include—

(1) Copies of the "show cause" hearing record or summary,

(2) The installation regulations or extract,

(3) The investigation report with sworn statements by all personnel affected by or having knowledge of the violations,

(4) The statement signed by the agent as required in paragraph 2-8c.

(5) Notification letters sent to the company and the agent advising of suspension of installation solicitation privileges, and

(6) If the agent failed to respond to notification of the hearing, a copy of the letters sent to him and the company offering them the opportunity to be heard.

b. If the grounds for suspension bear significantly on the eligibility of the agent or company to hold a State license or to meet other regulatory requirements, notify the appropriate State or local civil authorities.

4-7. Suspension period

All solicitation privileges suspended by installation commanders will be for a specific time. Normally, it will not exceed 2 years. Requests for suspension periods in excess of 2 years will be sent with the complete case to HQDA (DAAG-PSI), Alexandria, VA 22331, for approval. Lesser suspension may be imposed pending decision. When the final suspension period expires, the agent may reapply for permission to solicit at the installation authorizing the denial or suspension. If suspension was extended Army-wide by HQDA, applications of agents and companies for permission to again solicit on any Army installation must be made to HQDA prior to applying for such privileges at an individual installation.

4-8. Agents or companies with suspended solicitation privileges

Quarterly, HQDA will publish the names of agents and companies whose solicitation privileges have been suspended throughout the Department of the Army. If no change has occurred in the latest quarter, no list will be published. Periodically, HQDA will publish the names of agents and companies whose solicitation privileges have been suspended on each installation, for information purposes for commanders. Installation commanders will furnish to HQDA the names of agents and companies when solicitation privileges are suspended, at the time of the suspension.

4-9. Exercise of "off limits" authority

a. In appropriate cases, installation commanders may have the Armed Forces Disciplinary Control Board investigate reports that cash or consumer credit transactions offered military personnel by a business establishment off post are usurious, fraudulent, misleading, or deceptive. If it is found that the commercial establishment engages in such practices; that it has not taken corrective action on being duly notified; and that the health, morale, and welfare of military personnel would be served, the Armed Forces Disciplinary Control Board may recommend that the offending business establishment be declared "off limits" to all military personnel. The procedures for making these determinations are in AR 190-24.

b. On finding that a company transacting cash or consumer credit business with members of the Armed Forces, nationwide or internationally, is engaged in widespread usurious, fraudulent, or deceptive practices, the Secretary of the Army may direct Armed Forces Disciplinary Control Boards in all geographical areas where this occurred to investigate the charges and take appropriate action.

Appendix A

Section I

Required Publications

This section contains no entries.

Section II

Related Publications

This section contains no entries.

Section III

Prescribed Forms

This section contains no entries.

Section IV

Referenced Forms

This section contains no entries.

Appendix B

Standards of Fairness

1. No finance charge contracted for, made, or received under any contract shall be in excess of the charge which could be made for such contract under the law of the place in which the contract is signed in the United States by the serviceman. In the event a contract is signed with a United States company in a foreign country, the lowest interest rate of the state or states in which the company is chartered or does business shall apply.

2. No contract or loan agreement shall provide for an attorney's fee in the event of default unless suit is filed in which event the fee provided in the contract shall not exceed 20 percent of the obligation found due. No attorney's fee shall be authorized if he is a salaried employee of the holder.

3. In loan transactions, defenses which the debtor may have against the original lender or its agent shall be good against any subsequent holder of the obligation. In credit transactions, defenses against the seller or its agent shall be good against any subsequent holder of the obligation provided that the holder had actual knowledge of the defense or under condition where reasonable inquiry would have apprised him of this fact.

4. The debtor shall have the right to remove any security for the obligation beyond State or national boundaries if he or his family moves beyond such boundaries under military orders and notifies the creditor, in advance of the removal, of the new address where the security will be located. Removal of the security shall not accelerate payment of the obligation.

5. No late charge shall be made in excess of 5 percent of the late payment, or \$5.00 whichever is the lesser amount. Only one late charge may be made for any tardy installment. Late charges will not be levied where an allotment has been timely filed, but payment of the allotment has been delayed.

6. The obligation may be paid in full at any time or through accelerated payments of any amount. There shall be no penalty for prepayment and in the event of prepayment that portion of the finance charges which have insured to the benefit of the seller or creditor shall be prorated on the basis of the charges which would have been ratably payable had finance charges been calculated and payable as equal periodic payments over the terms of the contract and only the prorated amount to the date of prepayment shall be due. As an alternative the "Rule of 78" may be applied, in which case its operation shall be explained in the contract.

7. No charge shall be made for an insurance premium or for finance charges for such premium unless satisfactory evidence of a policy, or insurance certificate where State insurance laws or regulations permit such certificates to be issued in lieu of a policy, reflecting such coverage has been delivered to the debtor within 30 days

after the specified date of delivery of the item purchase or the signing of a cash loan agreement.

8. If the loan or contract agreement provides for payments in installments, each payment, other than the down payment, shall be in equal or substantially equal amounts, and installments shall be successive and of equal or substantially equal duration.

9. If the security for the debt is repossessed and sold in order to satisfy or reduce the debt, the repossession and resale will meet the following conditions:

a. The defaulting purchaser will be given advance written notice of the intention to repossess;

b. Following repossession, the defaulting purchaser will be served a complete statement of his obligations and adequate advance notice of the sale;

c. He will be permitted to redeem the item by payment of the amount due before the sale, or in lieu thereof submit a bid at the sale;

d. There will be a solicitation for a minimum of three sealed bids unless sold at auction.

e. The party holding the security, and all agents thereof, are ineligible to bid.

f. The defaulting purchaser will be charged only those charges which are reasonably necessary for storage, reconditioning, and resale, and

g. He shall be provided a written detailed statement of his obligations, if any, following the resale and promptly refunded any credit balance due him, if any.

10. A contract for personal goods and services may be terminated at any time before delivery of the goods or services without charge to the purchaser. However, if goods made to the special order of the purchaser result in preproduction costs, or require preparation for delivery, such additional costs will be listed in the order form or contract. No termination charge shall be made in excess of this amount. Contracts for delivery at future intervals may be terminated as to the undelivered portion, and the purchaser shall be chargeable only for that proportion of the total cost which the goods or services delivered bear to the total goods called for by the contract. (This is in addition to the right to rescind certain credit transactions involving a security interest in real estate provided by section 125 of the Truth-in-Lending Act, P.L. 90-321 (15 USC 1601) and section 226.9 of Regulation Z (12 CFR 226).

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